

Rhetoric v. Reality: The Bush Administration's Lack of Energy on Achieving Energy Independence for America

In his State of the Union address last week, President Bush stated, "America is addicted to oil," and announced an "Advanced Energy Initiative." In each of his previous State of the Union addresses, however, President Bush has promised to address America's energy needs by making us less dependent on foreign energy and delivering reliable, affordable energy. This year, as in previous years, the President made vague references to the promise of "technology" to solve our dependence on foreign oil. Unfortunately, the President has failed to provide the clear direction to energy markets that will be needed if we are to achieve our goal of becoming energy independent.

The President's budget requests, including the President's budget for Fiscal Year 2007 released earlier this week, have been similarly lackluster, and have rarely followed through on the Administration's relatively minor commitments to cleaner, more reliable and affordable energy. The President's budgets have also failed to measure up to the reality of high, volatile energy prices that have hammered U.S. consumers, agriculture, exporters, small and large businesses, and our economic competitiveness.

Energy Independence

Rhetoric: "Keeping America competitive requires affordable energy. And here we have a serious problem: America is addicted to oil, which is often imported from unstable parts of the world. The best way to break this addiction is through technology." (President Bush, State of the Union Address, January 31, 2006)

"Our third goal is to promote energy independence for our country..." (President Bush, State of the Union Address, January 28, 2003)

Reality: The Bush Administration has done very little to address our "oil addiction." In fact, Energy Secretary Bodman has already retracted the President's pledge to reduce

imports of Middle Eastern oil, calling it “purely an example,” (Press Briefing, February 1, 2006).

The Administration’s website states: “The best way to reduce our Nation’s dependence on imported oil in the short-term—over the next 10 to 20 years—is through the increased use of gasoline hybrid-electric vehicles, which are becoming available to consumers today.” According to the Administration then, the best way to reduce our dependence on foreign oil is to ensure that more Americans buy hybrids and plug-in hybrids. Yet the President’s budget negotiators last year opposed expanding the hybrid purchase tax credit to higher volumes of eligible vehicles and for a longer period.

In addition, the Fiscal Year 2007 budget includes a \$3.6 million cut in the Clean Cities program, which partners with local governments to encourage market penetration of clean non-petroleum fuels and alternative fuel vehicles. Overall, proposed funding for transportation technology research and development has been relatively flat under Bush budgets.

Transportation R&D Funding (DOE R&D - vehicle tech., fuel cells, biomass/biorefinery)		
	Enacted	Budget Request
FY2001	\$255,398,000	\$250,870,000
FY2002	\$252,715,000	\$239,370,000
FY2003	\$252,127,000	\$222,664,000
FY2004	\$250,695,000	\$243,931,000
FY2005	\$247,606,000	\$242,836,000
FY2006	\$272,443,000	\$271,348,000
FY2007		\$256,363,000

Affordable Energy

Rhetoric: “Keeping America competitive requires affordable energy.” (President Bush, State of the Union Address, January 31, 2006)

“The goals of this strategy are clear, to ensure a steady supply of affordable energy for America’s homes and businesses and industries, and to work toward the day when America achieves energy independence.” (President Bush, March 2, 2001)

Reality: Energy prices have increased dramatically since President Bush started his first term. Since 2001, the average monthly price of regular unleaded gasoline rose from \$1.43 per gallon to \$2.27 per gallon at the end of last year – a 58 percent increase. Diesel fuel rose from \$1.40 per gallon to \$2.40 in the same time period – a 71 percent increase. The Energy Information Administration projects that these prices will hold steady or increase over the course of the next two years.

Average household expenditures on winter heating fuels have risen significantly since the first full winter under President Bush. Natural gas costs are expected to be \$535 higher per household; heating oil \$847 higher; propane \$550 higher, and electricity \$221 higher. (Energy Information Administration Short-Term Energy Outlook, January 2006)

America now spends more on energy as a percentage of gross domestic product than in 1989. In 2005, the United States spent approximately \$1.08 trillion on energy, a 45 percent increase over the amount spent in 2001 (\$694 billion). (Energy Information Administration Short-Term Energy Outlook September 2005)

Energy Efficiency and Alternatives

Rhetoric: “So tonight, I announce the Advanced Energy Initiative -- a 22-percent increase in clean-energy research.” (President Bush, State of the Union Address, January 31, 2006)

“Many citizens are struggling with the high cost of energy. We have a serious energy problem that demands a national energy policy...We can promote alternative energy sources and conservation, and we must.” (President Bush, Address to Joint Session of Congress, February 27, 2001)

Reality: In his Fiscal Year 2007 budget request, the President is proposing to spend less on energy efficiency, conservation, and renewable energy resources in inflation-adjusted dollars than was appropriated in Fiscal Year 2001.

<u>Overall Energy Efficiency and Renewable Energy Budget</u> (in billions)		
	Enacted	Budget Request
FY2001	\$1.176	\$1.307
FY2002	\$1.298	\$1.032
FY2003	\$1.202	\$1.318
FY2004	\$1.220	\$1.320
FY2005	\$1.239	\$1.251
FY2006	\$1.173	\$1.200
FY2007		\$1.176

Rhetoric: “The bill [*Energy Policy Act of 2005*] makes an unprecedented commitment to energy conservation and efficiency... Energy conservation is more than a private virtue; it's a public virtue. And with this bill I sign today, America is taking the side of consumers who make the choice to conserve.

“I’m confident that one day Americans will look back on this bill as a vital step toward a more secure and more prosperous nation that is less dependent on foreign sources of energy.” (President Bush on the signing of the *Energy Policy Act*, August 8, 2005)

Reality: The President's Fiscal Year 2007 budget request does not even attempt to fully fund the parts of the *Energy Policy Act of 2005* that could provide the swiftest payoff to American consumers in terms of price and supply relief. In addition, the President's budget request zeroes out the Building Codes Training and Assistance program, which develops energy efficient building codes across the country, and other programs that encourage deployment of new energy inventions and innovations.

<u>Efficiency and Alternative Energy Funding</u>		
	EPACT authorization	Budget Request
Renewables (incl. hydrogen tech)	\$632,000,000	\$471,963,000
Bioenergy	\$213,000,000	\$149,687,000
Solar	\$140,000,000	\$148,372,000
Weatherization Assistance Grants	\$600,000,000	\$164,198,000
State Energy Program Grants	\$100,000,000	\$49,457,000
Energy Efficiency	\$783,000,000	\$484,817,000
Total Shortfall: \$894,022,000		

Home Heating Assistance

Rhetoric: "The Bush Administration has committed to increase the investment in the [Weatherization Assistance] program by \$1.4 billion over ten years." (Budget-in-Brief for Energy Efficiency and Renewable Energy, Fiscal Year 2004)

Reality: Although the Administration estimates that each dollar spent on home weatherization generates \$2.10 in savings over the life of the home, the President's Fiscal Year 2007 budget request proposes a \$78 million cut in weatherization assistance grants to states. These grants are used to promote and accelerate adoption of energy efficiency, renewable energy and oil displacement technologies. The Administration's Fiscal Year 2006 budget request proposed a four percent cut in weatherization grants.

<u>Weatherization Assistance Grants Funding History</u>		
	Enacted	Budget Request
FY2000	\$135,000,000	
FY2001	\$152,600,000	\$154,000,000
FY2002	\$230,000,000	\$273,000,000
FY2003	\$223,766,000	\$277,100,000
FY2004	\$268,000,000	\$288,200,000
FY2005	\$228,160,000	\$324,000,000
FY2006	\$242,550,000	\$260,157,000
FY2007		\$164,198,000

Rhetoric: “Well we have, if you look at the total package we sent forward, we, for, example have asked for increased funding for LIHEAP for the low-income assistance program for folks who have those needs and responsibilities.” (Vice President Cheney, Town Hall Energy Meeting, July 16, 2001)

Reality: As home heating costs have skyrocketed 79 percent higher per household since 2001, the Administration’s budget requests have not kept pace. The Administration’s budget request for the Low Income Home Energy Assistance Program (LIHEAP) is \$1.782, \$400 million below the amount appropriated in Fiscal Year 2005. The *Energy Policy Act* authorized funding at \$5.1 billion for LIHEAP in Fiscal Year 2007.

Clean Coal

Rhetoric: “I think we need to have clean coal technologies. I’m going to propose \$2 billion worth.” (Governor George W. Bush, Presidential Debate, October 11, 2000)

Reality: The President told Americans he would commit \$2 billion in funding over ten years, which would average \$200 million per year. First started in 1985, the Clean Coal Technology program is now known as the Clean Coal Power Initiative, and Congress authorized \$200 million in funding per year through the *Energy Policy Act of 2005*. Over the last six years of budget requests, the Administration has proposed a total of \$535 million for the Clean Coal Power Initiative, this year requesting only \$5 million. This amount is less than half of the President’s original commitment, and at these funding levels, it will be extremely difficult to produce the next generation of advanced clean coal technologies.

Electricity Reliability

Rhetoric: “For the sake of our economic security and our national security, we must modernize our energy infrastructure...” (Vice President Cheney, October 24, 2003)

Reality: The Administration has not fully funded programs that will make our electrical grid more reliable. The budget request for electricity reliability research and development for Fiscal Year 2007 is just over half the authorized level of \$240 million.

Federal Energy Inefficiency

Rhetoric: “We need to do everything we can to improve conservation because there are significant savings to be derived there, as well. And we’ve done that over the years.” (Vice President Cheney, September 13, 2004)

Reality: The federal government is the largest single consumer of energy in the United States. Yet the President’s Fiscal Year 2007 request for the Federal Energy Management Program, which improves efficiency in the federal government’s use of energy, is nearly the lowest request ever. This despite the fact that the federal government’s energy consumption in 2004 was higher than it has been at any time

during the last ten years. (Energy Information Administration Annual Energy Review 2004)

<u>Federal Energy Management Program Funding</u>		
	(in millions)	
	Enacted	Budget Request
FY2000	\$23.9	
FY2001	\$25.6	\$25.9
FY2002	\$18.9	\$13.3
FY2003	\$19.3	\$23.4
FY2004	\$19.7	\$19.9
FY2005	\$17.9	\$17.9
FY2006	\$18.9	\$17.1
FY2007		\$16.9